

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GALLATIN COUNTY WATER)	
DISTRICT, GALLATIN COUNTY, KENTUCKY, FOR)	
(1) A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY AUTHORIZING THE DISTRICT TO)	CASE NO.
CONSTRUCT A NEW WATER DISTRIBUTION SYSTEM;)	10194
(2) APPROVAL OF THE PROPOSED PLAN OF)	
FINANCING SAID PROJECT; AND (3) APPROVAL)	
OF THE PROPOSED WATER SERVICE RATES AND)	
CHARGES OF THE DISTRICT)	

O R D E R

On July 15, 1988 KRS 278.023 became effective. This statute requires the Commission to accept any agreement between a water district formed under KRS Chapter 74 or a water association formed under KRS Chapter 273 and the Farmers Home Administration ("FmHA") or the U.S. Department for Housing and Urban Development ("HUD") where the agreement provides for a construction project to be undertaken and financed, in whole or in part, by the FmHA or HUD. It further requires the Commission to issue a certificate of convenience and necessity and such orders as needed to implement the terms of the agreement within 30 days of the filing of the agreement and all necessary applications and documentation.

Pending the promulgation of administrative regulations to implement the provisions of KRS 278.023, the Commission has established informal guidelines on the documentation necessary for

applications subject to KRS 278.023. By letter dated July 13, 1988 the Commission informed Gallatin County Water District ("Gallatin County") of these guidelines.

After review of the evidence of record and being advised, the Commission is of the opinion and finds that:

1. Gallatin County is a water district formed under KRS Chapter 74.

2. Gallatin County's application involves an agreement between Gallatin County and the FmHA. Under the terms of this agreement a construction project will be undertaken by Gallatin County and financed in part by the FmHA.

3. Gallatin County's application falls within the provisions of KRS 278.023.

4. Gallatin County has yet to file all documentation necessary for review of its application. The documents listed in Appendix A have yet to be filed with the Commission.

5. A copy of the Commission's letter of July 13, 1988 to Gallatin County should be made part of the record of this case.

IT IS THEREFORE ORDERED that:

1. Gallatin County's application be considered under the provisions of KRS 278.023.

2. Gallatin County shall file an original and 10 copies of the items listed in Appendix A.

3. The Commission's letter of July 13, 1988, a copy of which is attached hereto and marked as Appendix B, be and it hereby is made a part of the record of this case.

Done at Frankfort, Kentucky this 17th day of August, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Herring
For The Commission

ATTEST:

Executive Director

APPENDIX A

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC
SERVICE COMMISSION IN CASE NO. 10194 DATED 8/17/88**

**Documents Required for Commission Review
of the Application of Gallatin County Water District**

1. PmHA letter of concurrence in the bid award.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-1940

APPENDIX "B"

July 13, 1988

TO: ALL WATER DISTRICTS AND WATER ASSOCIATIONS

During the 1988 General Assembly a Law was passed requiring the Commission to approve any construction proposal financed by FmHA or HUD within 30 days of filing. Any related financing and proposed rate revisions must also be approved. The Law further requires that the Commission set out by regulation the specific documents necessary to be filed with the application. This Law is effective July 15, 1988.

The Commission has prepared a regulation setting out these documents, which will be called minimum filing requirements, and intends to submit it to the Legislative Research Commission later this month. Each of you will also receive a copy of the proposed regulation. The purpose of this letter is to provide a listing of these necessary filing requirements to assist in preparing any application prior to the regulation going into effect. Any application which includes these minimum filing requirements will be approved by the Commission within 30 days of filing.

Furthermore, the Commission has decided to consider pending cases as if filed under this new Law. Staff will review each case to see if the filing requirements have been met and furnish you a report. If the requirements have been met, the Commission will approve the application as proposed. If the requirements have not been met, staff will specifically identify what documents need to be filed. Once you have completed the filing requirements, the Commission will issue an order approving the application. Because the Commission is prohibited from ordering any changes in the proposed construction project, current staff analysis and investigation of the projects will be limited to ensure compliance with the Law.

If I can be of further assistance, don't hesitate to contact me at (502) 564-2473.

Sincerely,

Forest M. Skaggs
Forest M. Skaggs
Executive Director

FMS:lb
Enclosure

Minimum Filing Requirements For Applications Seeking Commission Authorization To Construct Water Facilities financed by FmHA or HUD. (NOTE: This is a temporary listing pending establishment of a regulation complying with KRS 278.023)

1. A formal application, signed by a utility official and counsel, consistent with requirements of 807 KAR 5:001, Section 8. An original and 10 copies of the application, including all exhibits, shall be submitted. The application shall clearly state reasons for filing and statutes under which Commission approval is needed.
2. Minimum filing requirements shall be defined as the following detailed information and shall be included with the application:
 - (a) Copy of FmHA Letter of Conditions. For HUD financing, a copy of appropriate lending agencies notice of approval, including all terms and conditions to be met.
 - (b) Copy of FmHA Letter of Concurrence in bid award.
 - (c) Copy of preliminary and final engineering reports.
 - (d) Certified statement from an authorized utility official confirming:
 1. That the proposed plans and specifications for the project has been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 5 (3-4), Section 6 (1), Sections 7-8, Section 9 (1-3), Section 10 (1) and Section 11;
 2. That all other state approvals or permits have already been obtained;
 3. That any proposed rates shall produce total revenue requirements set out in engineering reports; and
 4. Dates when construction will begin and end.
 - (e) That notice to the customers has been given in conformance with Part 3 set out below. A copy of the notice shall be included in the application.
 - (f) If necessary, a motion requesting approval to deviate from any minimum construction standard or operating condition set out in 2(d). The motion shall be sufficiently supported to identify reasons minimum requirements cannot be met.
3. A utility shall give public notice to its customers of a proposed rate change made under this regulation in the following manner:
 - (1) A one-time notice shall be given prior to or at the same time application is made by either direct mail to each customer or in newspaper of general circulation in local service area.
 - (2) The notice shall contain the current and proposed rates and a brief description of the construction project.